

§ 40.524

ownership, at the time of changing location of the factory, at the time of concluding business, and at such other time as any appropriate TTB officer may require. In the case of a manufacturer operating under the transitional rule set forth in §40.493, that manufacturer must make an inventory within 10 days of the date of TTB's written acknowledgement of the receipt of the application filed under §40.492. Each such inventory is subject to verification by the appropriate TTB officer.

(26 U.S.C. 5721)

§ 40.524 Retention of documents.

Every manufacturer of processed tobacco must retain all records and reports required under this subpart, including copies of permits, authorizations, inventories, and reports, for three years following the close of the calendar year in which filed or made, or in the case of an authorization, for three years following the close of the calendar year in which the operation under such authorization is concluded. Such records shall be made available for inspection by the appropriate TTB officer upon request.

(26 U.S.C. 5741)

§ 40.525 Discontinuance of operations.

Every manufacturer of processed tobacco who desires to discontinue operations and close a factory must dispose of all processed tobacco on hand, make a concluding inventory and concluding report, in accordance with the provisions of §§40.523 and 40.522, respectively, and surrender the permit to the appropriate TTB officer.

(26 U.S.C. 5721, 5722)

§ 40.526 Minimum manufacturing and activity requirements.

A permit to manufacture processed tobacco will only be granted to those persons engaged in the processing of tobacco. A permit may be suspended, and subsequently revoked, if the person has no activity under such permit for a period of one year. A person whose permit as a manufacturer of processed tobacco has been revoked for non-use,

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who wishes to engage in such business, must re-apply for such permit.

(26 U.S.C. 5712)

§ 40.527 Authorization to package processed tobacco.

A permit to manufacture processed tobacco does not authorize packaging of processed tobacco. Packaging of processed tobacco may only occur on the bonded premises of a manufacturer of tobacco products.

§ 40.528 Suspension and revocation of permit.

Where the appropriate TTB officer has reason to believe that a manufacturer of processed tobacco has not in good faith complied with the provisions of 26 U.S.C. chapter 52, and regulations thereunder, or with any other provision of 26 U.S.C. with intent to defraud, or has violated any condition of his permit, or has failed to disclose any material information required or made any material false statement in the application for the permit, or is, by reason of previous or current legal proceedings involving a felony violation of any other provision of Federal criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, not likely to maintain operations in compliance with 26 U.S.C. chapter 52, or has been convicted of a felony violation of any provision of Federal or State criminal law relating to tobacco products, processed tobacco, cigarette paper, or cigarette tubes, the appropriate TTB officer shall issue an order, stating the facts charged, citing such person to show cause why his permit should not be suspended or revoked. Such citation shall be issued and opportunity for hearing afforded in accordance with part 71 of this chapter, which part is applicable to such proceedings. If, after hearing, the hearing examiner, or on appeal, the Administrator, finds that such person has not shown cause why his permit should not be suspended or revoked, such permit shall be suspended for such period as the appropriate TTB officer deems proper or shall be revoked.

[T.D. TTB-78, 74 FR 29410, June 22, 2009, as amended by T.D. TTB-80, 74 FR 37552, July 29, 2009]